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FEDERAL GOVERNMENT PROCESSING SERVICES MARKET
TO REACH $1.3 BILLION BY 1992

MOUNTAIN VIEW, CA, SEPTEMBER 24, 1987 - The federal government processing services market will increase from $.9 billion in 1987 to $1.3 billion in 1992, at an average annual growth rate of 7%, states a new report from INPUT, a leading computer and communications industry market research firm.

In the report Federal Processing Services Market, 1987-1992, INPUT surveyed the federal agency remote computer services (RCS) programs and industry trends and concluded that this 7% growth will be slower than expected because of the increase of end-user computing, primarily through the use of micro and minicomputers. Also, the availability of government ADP equipment has increased and cut into the RCS market.

The remote computing services portion of the government fiscal year (GFY) 1986 information technology (IT) budget was estimated at $597 million. This amount covered both the GSA teleprocessing services program and separately negotiated RCS contracts. The Army remains the largest single user while the next largest users are a group of smaller civilian users.

Many of the agencies are procuring fewer services from the GSA Telesprocessing Services Program (TSP). GSA is hopeful of reversing the decline of revenues from its Multiple Awards Schedule contracts by the addition of value added networks and distributed data processing services. Many industry vendors are already offering these services to the government or are planning to do so in the future.

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The federal RCS vendor base has been relatively stable, involving some 70-100 firms. In the past 18 months, however, a number of vendors have merged or have been acquired by large RCS or aerospace firms, changing the mix of the top 15. Boeing, Control Data Corporation, Computer Science Corporation, Martin Marietta Data Corporation, and GEISCO are the top five vendors in the federal processing service market in 1986 revenues.

In its evaluation of the marketplace, the report points out that applications which have been the primary revenue generators for processing service vendors are peaking and new applications are being sought. As new technological approaches make possible more cost effective channels of communications, new applications are being developed to fill emerging needs in areas of data base networks and public access data bases.

The INPUT report concludes with detailed recommendations for processing service vendors and users, and contains market forecasts. It suggests that vendors develop methods to accommodate the specialized applications of agencies and also investigate handling of agency data bases with commercial value. Furthermore, INPUT recommends vendors understand the operations of the Teleprocessing Services Program.
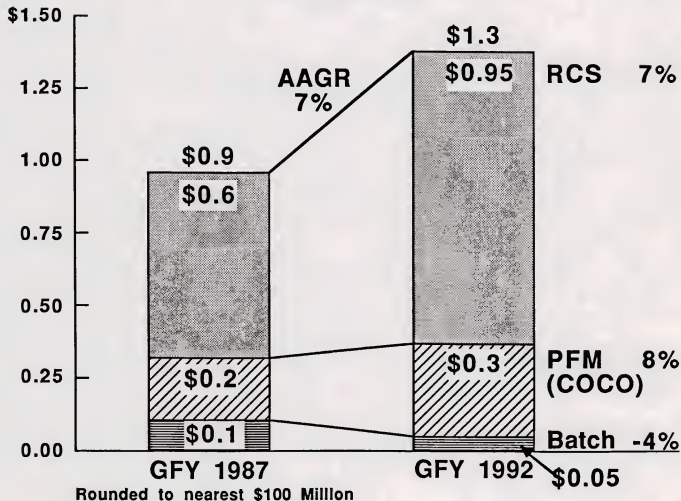
Federal Processing Services Market, 1987-1992, is available by contacting INPUT's Federal Government research office at 8298 C, Old Courthouse Road, Vienna, VA 22180, (703) 847-6870, or INPUT's headquarters office at 1280 Villa Street, Mountain View, CA 94041, (415) 961-3300.

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NOTE TO EDITORS: For an editorial review copy of the report's Executive Overview, please contact Jan McDaniel at (415) 961-3300.

FEDERAL PROCESSING SERVICES FORECAST, GFY 1987-1992

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